

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

IN RE:	:	CHAPTER 11
	:	
CDC CORPORATION,	:	CASE NO. 11-79079-PWB
	:	
Debtor	:	

**TWELFTH POST-CONFIRMATION STATUS REPORT
OF CDC CORPORATION AND THE LIQUIDATION TRUSTEE
FOR THE CDC LIQUIDATION TRUST**

COME NOW CDC Corporation (the “Debtor”) and Marcus A. Watson, the liquidation trustee for the CDC Liquidation Trust (the “Liquidation Trustee”), and hereby file this Post-Confirmation Status Report.

General Case Background and Plan of Reorganization

1. On October 4, 2011, the Debtor filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code commencing the above-captioned bankruptcy case (the “Bankruptcy Case”).

2. On September 6, 2012, the Bankruptcy Court entered an order (the “Confirmation Order”; Docket No. 551) confirming the “Second Amended Joint Plan of Reorganization for CDC Corporation” dated August 29, 2012 (as modified by the Confirmation Order, the “Plan”; Docket No. 542).¹ Thereafter, on December 19, 2012 (the “Effective Date”), the Plan became effective.

¹The Plan was jointly proposed by the Debtor and the Official Committee of Equity Security Holders for the Debtor in the Bankruptcy Case. Capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to them by the Plan.

CDC Liquidation Trust

3. Under the Plan, the CDC Liquidation Trust was created on the Effective Date through the execution of the Liquidation Trust Agreement, dated December 19, 2012 (the “Liquidation Trust Agreement”). As a result, substantially all of the Debtor’s assets were transferred to the CDC Liquidation Trust. The Liquidation Trustee of the CDC Liquidation Trust is Marcus A. Watson.

4. On the Effective Date, Equity Interests in the Debtor were fixed and became non-transferable. Pursuant to the Plan, holders of Equity Interests were exchanged for Beneficial Interests in the CDC Liquidation Trust.²

Distributions from the CDC Liquidation Trust

5. On or about December 24, 2012, the CDC Liquidation Trust made a first distribution to holders of Beneficial Interests. The initial distribution equaled \$3.30 per Beneficial Interest (prior share).

6. On or about July 29, 2013, the CDC Liquidation Trust made the second distribution to holders of Beneficial Interests. The second distribution was comprised of the following: (i) a distribution of \$1.10425 per Beneficial Interest (prior share) to all holders of Beneficial Interests; and (ii) an additional distribution of \$0.28575 per Beneficial Interest (prior share) to all holders of Beneficial Interests other than Asia Pacific Online Limited (“APOL”), in accordance with that certain settlement agreement with APOL previously approved by the

² The CDC Liquidation Trust was created for the primary purpose of liquidating and distributing Trust Assets to its Beneficiaries (the holders of Beneficial Interests in the CDC Liquidation Trust) and of paying Liquidation Trust Expenses in accordance with the Plan and Confirmation Order. The CDC Liquidation Trust is not intended to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary and consistent with the liquidating purpose of the Plan.

Bankruptcy Court.³ Thus, the total second distribution to holders of Beneficial Interests, exclusive of APOL, equaled \$1.39 per Beneficial Interest (prior share).

7. On or about May 21, 2014, the CDC Liquidation Trust made a third distribution to holders of Beneficial Interests. The third distribution equaled \$0.60 per Beneficial Interest (prior share).

8. Recently, on or about December 21, 2015, the CDC Liquidation Trust made its fourth distribution to holders of Beneficial Interests (the “Fourth Distribution”). The Fourth Distribution equaled \$0.40 per Beneficial Interest (prior share).

Status of Trust Assets

9. The CDC Liquidation Trust received \$250,000 in the fourth quarter of 2015 in liquidation proceeds from Trust Assets located in Asia and Australia, net of the costs incurred in their disposition. Certain Trust Assets in Asia of immaterial value remain, and the Liquidation Trustee anticipates these assets will provide de minimis return after payment of final expenses.

10. In addition to the Asian assets, the CDC Liquidation Trust has an interest in DAE Advertising, Inc., a California corporation (“DAE”). DAE was valued at \$4.3 million in the Debtor’s valuation of the Disputed Ownership Fund as of December 19, 2012.⁴ In May 2013, the CDC Liquidation Trust received \$2 million from DAE attributable to undistributed earnings. Since May 2013, the CDC Liquidation Trust has received from DAE an additional \$1.1 million in earnings from operations. The Liquidation Trustee continues to explore alternatives to derive value from DAE.

³Under the settlement agreement entered into among APOL, the Debtor, and others, which was approved by order of the Bankruptcy Court entered August 16, 2012 (Docket No. 518), \$9 million was to be withheld from any distributions attributable to APOL’s Beneficial Interests and redistributed to the other holders of Beneficial Interests. The additional distribution of \$0.28575 per Beneficial Interest effectuated this redistribution.

⁴See Exhibit “1” to the “First Post-Confirmation Status Report of CDC Corporation and The Liquidation Trustee for the CDC Liquidation Trust” filed February 6, 2013 (Docket No. 723).

11. As of December 22, 2015, the Liquidation Trustee has collected and distributed substantially all assets in the CDC Liquidation Trust and has resolved all material claims against the Debtor. After collection of the remaining Trust Assets described above and payment of all expenses incurred in fully administering the CDC Liquidation Trust,⁵ the Liquidation Trustee anticipates that there will be at least one additional distribution from the CDC Liquidation Trust. Any future distributions, however, will be de minimis.

Status of Disputed Claims Reserve

12. On October 9, 2015, the Bankruptcy Court entered an order approving the settlement agreement (the “Settlement Order”; Docket No. 975) entered into among the Liquidation Trustee, Rajan Vaz, and certain of Mr. Vaz’s affiliated entities (“Settlement Agreement”). Under the terms of the Settlement Agreement, the CDC Liquidation Trust paid Mr. Vaz \$1,650,000 to resolve Mr. Vaz’s claims against the Debtor and to settle other disputes between the parties.⁶

13. As a result of the Settlement Agreement and under the Settlement Order, the Disputed Claims Reserve of \$10,000,000.00 being held by the Liquidation Trustee was terminated. After payment to Mr. Vaz, \$8,350,000 previously held in the Disputed Claims Reserve became general assets of the CDC Liquidation Trust for disposition in accordance with the terms of the Plan and the Liquidation Trust Agreement. Accordingly, the Liquidation

⁵In the October 2015 Liquidation Analysis, the Liquidation Trustee projected future operating expenses for the CDC Liquidation Trust of \$2.2 million. *See* Exhibit “A” to the “CDC Liquidation Trust’s Motion for Approval of Fourth Distribution to Beneficiaries” filed October 23, 2015 (Docket No. 977). The October 2015 Liquidation Analysis also reflected that, after payment of the Fourth Distribution (which occurred on 12/21/15), total cash (described as Total Reserves) remaining in the CDC Liquidation Trust would equal \$3,459,636.24, and of this amount, budgeted operating expenses would account for \$2.2 million.

⁶For its complete terms, the Settlement Agreement, which is attached as an exhibit to the motion filed by the Liquidation Trustee on September 15, 2015, seeking approval of the Settlement Agreement (Docket No. 971), may be reviewed.

Trustee no longer holds any funds in reserve with respect to any claims previously asserted by Mr. Vaz.

14. Additionally, under the Settlement Agreement and Settlement Order, \$750,000 held in escrow from the sale of certain property in the Debtor's Bankruptcy Case became general assets of the CDC Liquidation Trust for disposition in accordance with the terms of the Plan and the Liquidation Trust Agreement.

Reporting by the Liquidation Trustee

15. Under the Liquidation Trust Agreement, the Liquidation Trustee is required to report on the CDC Liquidation Trust to the Liquidation Trust Oversight Board not less than quarterly. *See* Liquidation Trust Agreement, Section V.H. This Post-Confirmation Status Report is being filed in compliance with this reporting requirement.

Dated: December 29, 2015
Atlanta, Georgia

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